

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: May 31, 2017

PAYROLL LETTER #17-005
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief
Personnel/Payroll Services Division

RE: 2017 EXCLUDED EMPLOYEE LEAVE BUY-BACK PROGRAM

This Payroll Letter provides information on how to process payments for the 2017 Excluded Employee Leave Buy-Back Program. For details of the program, please reference CalHR's Human Resources Manual Section 2104 at <http://hrmanual.calhr.ca.gov/Home/ManualItem/2104>.

Departments electing to participate must submit payment requests beginning May 1, 2017 and no later than June 27, 2017. Per CalHR, payments must be charged to the fiscal year 2016-2017 and issue dated by June 28, 2017.

The 2017 Excluded Employee Leave Buy-Back payments are based on the employee's hourly or daily salary rate multiplied by the number of hours/units bought back.

For employees that receive pay differentials, each pay differential should be reviewed. If the pay differential indicates "yes" to "lump sum vacation" or "lump sum extra" the pay differential amount shall be included when calculating the eligible employee's hourly or daily salary rate for purposes of the buy-back.

Refer to CalHR's website at <http://www.calhr.ca.gov/state-hr-professionals/Pages/pay-differentials.aspx> for pay differential information. If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be included when calculating the hourly or daily rate for purposes of the buy-back.

TAXES

The computed gross amounts are subject to federal and state income tax withholdings, Social Security, State Disability Insurance, and Medicare tax withholdings where applicable. The computed gross amounts are NOT subject to retirement. The tax rates are as follows:

25% Federal Tax (flat rate)
6.6% State Tax (flat rate)
6.2% Social Security (if applicable)
0.9% State Disability Insurance (if applicable)
1.45% Medicare (if applicable) **OR**
2.35% Medicare for wages over \$200,000 (if applicable)

PROCESSING PAYMENTS FOR CASH OPTION

Submit all payment requests via the PIP System. Use form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System and keep forms for department records. Please refer below for form STD. 671 completion instructions.

For Departments not participating in CLAS:

Use the following Earnings IDs to request Leave Buy-Back payments.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave and Vacation Buy Back	9V
Holiday Credit Buy Back	9H
Personal Holiday Credit Buy Back	9P
Personal Leave Buy Back (PLP 1992, 2003, 2010/2011/2012 and/or VPLP)	*99

For Departments participating in CLAS:

Use the following Earnings IDs listed below to request Leave Cash Out payments and automatically update CLAS leave records.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave Buy Back	AL34
Holiday Credit Buy Back	HC34
Personal Holiday Buy Back	PH34**
1992 Personal Leave Buy Back	*PL36
2003 Personal Leave Buy Back	*LD36
2010/2011 Personal Leave Buy Back	*LP36
2012 Personal Leave Buy Back	*LV36
Voluntary Personal Leave Buy Back	*PV36
Vacation Leave Buy Back	VA34

*For the 2017 Excluded Employee Leave Buy-Back Program, Earnings ID's 99, PL36, LD36, LP36, LV36 and PV36 "Cash Out" transactions will be used to issue buy back payments.

Before keying via PIP, complete form STD. 671, items 1-3, 15-17, and 19-21 as follows:

<u>ITEM NUMBER(S)</u>	<u>ITEM NAME</u>	<u>ACTION</u>
1-3	Pay Period	Complete
15	Earnings ID	Complete
16	Days	Complete with PH units if Earnings ID = PH34**
17	Hrs/Hdths	Blank if Earnings ID = 9V, 9H, or 9P Complete if Earnings ID = 99, AL34, HC34, VA34, PL36, LD36, LP36, LV36, or PV36
19	Hourly Rate	Blank
20	WWG/FLSA	Blank
21	Computed Gross	Blank if Earnings ID = 99, PL36, LD36, LP36, or LV36 Complete if Earnings ID = 9V, 9H, 9P, AL34, HC34, PV36, VA34 or PH34

Note: Earnings IDs AL34, HC34, PH34, PV36, and VA34 will generate as Payment Type 9 with associated suffixes V, H, P, or 9 payment. Also, the payments will not reflect hours or days paid on the payroll outputs [i.e., warrant register, Payroll On-Line Information System (POIS)].

****Personal Holiday (PH)** is cashed out in units. When using PH34, units must be keyed as days.

FORM STD. 674 PAYMENT REQUESTS

Earnings IDs 99, PL36, LD36, LP36 and LV36 will issue as Payment Type 1 (overtime). For these Earnings IDs submit a form STD. 674 to request pay only if:

1. The employee's Leave Buy-Back hourly rate includes premium differentials that are NOT locked-in on the employee's employment history record, or
2. The employee's premium pay is locked-in and the premium pay rate is not included in overtime payments but should be included in the leave buy back hourly/daily rate. Please Refer to CalHR's website at <http://www.calhr.ca.gov/state-hr-professionals/Pages/pay-differentials.aspx> for pay differential information.

If an employee is off pay status during May 2017 or June 2017, pay must be requested via form STD. 674. If requesting payment using form STD. 674, do not use the CLAS Earnings IDs. Refer to PPM Section G 105 for form STD. 674 completion instructions.

PROCESSING PAYMENTS FOR TRANSFER TO SAVINGS PLUS ENHANCEMENT OPTION

An additional payroll letter with instructions for processing payments for transferring to Saving Plus program is forthcoming.

Please direct questions regarding leave buy-back payments to the Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Liaison at (916) 327-0756.

DS:AFB:SACS